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9 DEC 1957

MEMORANDUM FOR: Deputy Director/Support
ATTENTION: Chief, Management Staff
THROUGH: Deputy Director/Intelligence
SUBJECT: Proposed Establishment of a Fuels and Power Branch
in the Materials Division, ORR

1. PROBLEM

To effect a partial reorganization of the Materials Division, ORR, in order to carry out more efficiently and effectively the Office responsibilities for intelligence research in the field of energy resources and utilization within the Sino-Soviet Bloc.

2. ASSUMPTIONS

Requirements for economic intelligence production in the energy field will continue at the current or an increased level.

3. FACTS BEARING ON THE PROBLEM

a. Research in the energy field is currently conducted in the Materials Division, ORR, by the Petroleum, Electric Power, and Solid Fuels Branches.

b. The responsibility for coordinating ORR contributions for use in the NIE on nuclear energy in the USSR, for costing the Soviet nuclear energy program, and for liaison with and direct economic research support to OGI and the JAEIC on nuclear energy is currently assigned to the Industrial Division, ORR, and is carried out by an ad hoc nuclear energy unit in the Military Economics Branch of that Division, even though much of the research support is performed in the Materials Division.

4. DISCUSSION

a. Petroleum, solid fuels, and electric power are intimately related to one another economically, because they are, within fairly wide limits, substitutes for one another. It is becoming more and more

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difficult, therefore, to consider each in isolation. However, under the current organization of ORR, research on fuels and power is now handled in three separate branches of the Materials Division. The research program and effort of each branch is concentrated within its own particular field. There is no formal assigned responsibility for the subject of energy research and utilization as a whole, and normally only informal coordination of intelligence production in these fields exists among these three branches.

b. Until recently Sino-Soviet Bloc planners treated each sector of the economy more or less in isolation. There is considerable evidence that this is no longer the case and that planners, particularly in the USSR, are dealing with their energy resources and utilization as an integrated whole. Our intelligence research and production on this subject can be undertaken more effectively if approached from a similar standpoint.

c. Since most of the research supporting ORR contributions to JAKIC papers and the RIE on the Soviet nuclear energy program comes from D/M rather than D/I and nuclear energy in its nonmilitary applications is a source of power fundamentally no different from any other source, a net advantage would accrue to ORR if the functions of the nuclear energy unit of D/I were assigned to D/M, the division which is most heavily involved in intelligence research on the subject.

d. A consolidation of the three Materials Division energy branches and the ad hoc nuclear energy unit of the Industrial Division into a single Fuels and Power Branch would facilitate maximum utilization of personnel capabilities, and increase the effectiveness of economic research in the energy field, particularly after the consolidated branch has had time to train personnel as energy specialists rather than specialists in coal, petroleum, electric power, and nuclear energy. Such a consolidation would also reduce the present investment in supervision heretofore required.

e. It is proposed that the branch be formally organized as a single element and that it consist, informally, of five sections, i.e., (1) USSR (Petroleum and Solid Fuels), (2) USSR (Electric Power), (3) European Satellites, (4) Communist China, and (5) Nuclear Energy. Because of the intensity of the effort now required on electric power as an input to the USSR nuclear energy program, it is proposed to have two USSR sections, one dealing only with electric power and the other with all other fuels. Second, the work now done in I/MS on the Soviet nuclear energy program, while increasingly related to the production of

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energy, presents special problems in the classification of the data processed, relations with OGI and JAKIC, and in coordination of contributions for use in the production of the annual NIE on the Soviet nuclear energy program. It is therefore proposed to keep it as a separate section in the new branch.

f. In order to assure adequate administration of a branch of the size and scope proposed for the Fuels and Power Branch, a position of Deputy Branch Chief is required. In addition to the five Section Chief positions, a senior technical position in the USSR (Petroleum and Solid Fuels) Section is necessary in order to provide for an individual who, in addition to his research responsibilities, would serve as specialist to the entire branch on substantive problems involving complex technical methodologies and interpretations. (The proposed staffing pattern for the Fuels and Power Branch is shown as Tab A.)

g. The proposed staffing of the various sections of the branch reflects a current appraisal of personnel capabilities and strengths required to provide the research support necessary to meet existing and anticipated priority demands on the branch.

5. CONCLUSIONS

a. Requirements for research and intelligence support on fuels and power can be met more effectively by consolidation of the three existing branches engaged in such activities into a single Fuels and Power Branch.

b. The responsibilities of the ad hoc nuclear energy unit are closely related to the functions of the proposed Fuels and Power Branch and should therefore be transferred to this branch.

c. The level of research production and intelligence support in the energy field can be increased considerably with no loss in quality through centralization of responsibility in the proposed Fuels and Power Branch for intelligence production, coordination, and support in this field.

6. RECOMMENDATIONS

a. That consolidation of the existing Petroleum, Electric Power, and Solid Fuels Branches into a single Fuels and Power Branch in the Materials Division, OOR, be approved and effected.

b. That the responsibilities of the ad hoc nuclear energy unit of the Military Economics Branch, Industrial Division, be transferred to the Fuels and Power Branch.

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c. That the proposed Table of Organization be approved for the Fuels and Power Branch without increase of the overall ORR assigned ceiling (Tab B).

d. That the proposed statement of Mission and Functions for the Fuels and Power Branch (Tab C), and the revised Mission and Functions statements of the Materials Division (Tab D) and the Industrial Division (Tab E) be approved.

OTTC E. CUTHIE
Assistant Director
Research and Reports

Attachments:

- Tab A--Detailed Staffing Pattern
- Tab B--Summary of Proposed T/C Changes
- Tab C--Mission and Functions Statement (New),
Fuels and Power Branch, Materials Division
- Tab D--Mission and Functions Statement (Revised),
Materials Division
- Tab E--Mission and Functions Statement (Revised),
Industrial Division

CONCUR:

DD/I

Date

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